

CITY OF DERIDDER
ANNUAL FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT
SEPTEMBER 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/8/09

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INDEPENDENT AUDITOR'S REPORT

The Honorable Ronald Roberts, Mayor
and Members of the City Council
DeRidder, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of DeRidder, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of September 30, 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 18, 2009 on my consideration of the City of DeRidder, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The budgetary comparison information on pages 34 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The City of DeRidder, Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Honorable Ronald Roberts, Mayor
and Members of the City Council

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeRidder, Louisiana's, basic financial statements. The combining and individual nonmajor fund financial statements, schedule of per diem paid to board members and prior year audit findings are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of per diem paid to board members and prior year audit findings have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in black ink that reads "J. M. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana
February 18, 2009

BASIC FINANCIAL STATEMENTS

Statement of Net Assets
September 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,122,221	\$ 286,365	\$ 4,408,586
Receivables:			
Franchise taxes	146,021	-	146,021
Alcohol taxes	8,254	-	8,254
Accounts	1,200	205,053	206,253
Federal grants	1,600	-	1,600
Local grants	3,258	-	3,258
Special assessments	-	3,620	3,620
Prepaid insurance	73,301	25,704	99,005
Restricted cash and cash equivalents	-	2,384,396	2,384,396
Capital assets, not being depreciated	1,129,942	506,668	1,636,610
Capital assets, being depreciated - net	4,848,722	16,199,087	21,047,809
Total assets	<u>\$ 10,334,519</u>	<u>\$ 19,610,893</u>	<u>\$ 29,945,412</u>
LIABILITIES			
Accounts payable	\$ 173,178	\$ 127,515	\$ 300,693
Salaries payable	104,541	28,828	133,369
Payroll taxes payable	111,413	25,439	136,852
Contracts payable	-	28,100	28,100
Accrued interest payable	2,704	1,512	4,216
Customer deposits	-	139,834	139,834
Deferred revenues	-	3,620	3,620
Long term liabilities:			
Due within one year	94,000	18,236	112,236
Due in more than one year	925,095	208,723	1,133,818
Total liabilities	<u>\$ 1,410,931</u>	<u>\$ 581,807</u>	<u>\$ 1,992,738</u>
NET ASSETS			
Invested in capital assets - net of related debt	\$ 5,534,664	\$ 16,705,755	\$ 22,240,419
Restricted for:			
Contracts payable	-	28,100	28,100
Perpetual care	956,867	-	956,867
Debt service	463,224	36,472	499,696
Depreciation and contingencies	-	2,048,528	2,048,528
Customer deposits	-	139,834	139,834
Unrestricted	1,968,833	70,397	2,039,230
Total net assets	<u>\$ 8,923,588</u>	<u>\$ 19,029,086</u>	<u>\$ 27,952,674</u>
Total liabilities and net assets	<u>\$ 10,334,519</u>	<u>\$ 19,610,893</u>	<u>\$ 29,945,412</u>

The accompanying notes are an integral part of this statement.

City of DeRidder, Louisiana

Statement B

Statement of Activities
For the Year Ended September 30, 2008

Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government							
and administration	\$ 1,248,036	\$ 32,491	\$ 7,198	\$ -	\$ (1,208,347)	\$ -	\$ (1,208,347)
Public safety	3,969,556	8,546	109,534	76,310	(3,775,166)	-	(3,775,166)
Public works	2,083,968	14,580	-	-	(2,069,388)	-	(2,069,388)
Culture & recreation	170,572	-	35,588	278,000	143,016	-	143,016
Interest on long term debt	18,499	-	-	-	(18,499)	-	(18,499)
Unallocated depreciation*	37,788	-	-	-	(37,788)	-	(37,788)
Total governmental activities	\$ 7,528,419	\$ 55,617	\$ 152,320	\$ 354,310	\$ (6,966,172)	\$ -	\$ (6,966,172)
Business-type activities:							
Water and sewer	\$ 2,914,407	\$ 2,150,803	\$ -	\$ -	\$ -	\$ (763,604)	\$ (763,604)
Total government	\$ 10,442,826	\$ 2,206,420	\$ 152,320	\$ 354,310	\$ (6,966,172)	\$ (763,604)	\$ (7,729,776)
General revenues:							
Taxes:							
Ad valorem taxes					\$ 578,850	\$ -	\$ 578,850
Sewer assessments					-	5,335	5,335
Sales taxes					5,743,277	-	5,743,277
Insurance premium tax					35,722	-	35,722
Chain store tax					6,640	-	6,640
Franchise tax					600,932	-	600,932
Alcohol tax					8,254	-	8,254
Occupational licenses and permits					566,747	-	566,747
Insurance dividend					39,480	-	39,480
Investment earnings					52,850	78,076	130,926
Gain (Loss) on sale of assets					6,084	-	6,084
Rental income					25,900	-	25,900
Insurance claims					5,112	-	5,112
Miscellaneous					4,143	2,066	6,209
Transfers in					3,620,567	210,079	3,830,646
Transfers out					(3,774,650)	(55,996)	(3,830,646)
Total general revenues and transfers					\$ 7,519,908	\$ 239,560	\$ 7,759,468
Change in net assets					\$ 553,736	\$ (524,044)	\$ 29,692
Net assets at beginning of year					8,369,852	19,553,130	27,922,982
Net assets at end of year					\$ 8,923,588	\$ 19,029,086	\$ 27,952,674
* Unallocated depreciation excludes direct depreciation expenses of the City's various programs							

* Unallocated depreciation excludes direct depreciation expenses of the City's various programs

The accompanying notes are an integral part of the statement.

Balance Sheet
Governmental Funds
September 30, 2008

	General	Major Fund Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,077,641	\$ 1,832,641	\$ 1,044,632	\$ 3,954,914
Receivables				
Franchise taxes	146,021	-	-	146,021
Alcohol taxes	8,254	-	-	8,254
Accounts receivable	1,200	-	-	1,200
Intergovernmental:				
Federal grants	1,600	-	-	1,600
Local grants	3,258	-	-	3,258
Prepaid insurance	61,877	11,424	-	73,301
Total assets	<u>\$ 1,299,851</u>	<u>\$ 1,844,065</u>	<u>\$ 1,044,632</u>	<u>\$ 4,188,548</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 45,101	\$ 127,342	\$ -	\$ 172,443
Salaries payable	79,303	25,238	-	104,541
Payroll taxes payable	88,291	23,122	-	111,413
Total liabilities	<u>\$ 212,695</u>	<u>\$ 175,702</u>	<u>\$ -</u>	<u>\$ 388,397</u>
Fund Balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ 19,224	\$ 19,224
Perpetual care	956,867	-	-	956,867
Unreserved:				
Designated for subsequent years' expenditures reported in:				
Sales tax fund	-	200,000	-	200,000
Undesignated, reported in:				
General fund	130,289	-	-	130,289
Special revenue fund	-	1,468,363	-	1,468,363
Capital project funds	-	-	1,025,408	1,025,408
Total fund balances	<u>\$ 1,087,156</u>	<u>\$ 1,668,363</u>	<u>\$ 1,044,632</u>	<u>\$ 3,800,151</u>
Total liabilities and fund balances	<u>\$ 1,299,851</u>	<u>\$ 1,844,065</u>	<u>\$ 1,044,632</u>	<u>\$ 4,188,548</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Assets
September 30, 2008

Total fund balance - total governmental funds	\$ 3,800,151
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	5,436,279
Internal service funds are used to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	166,572
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.	(2,704)
Capital assets reported in the proprietary fund but financed with general obligation debt have been transferred to governmental activities in the government wide statement of net assets in order to show those assets net of related debt in the net assets section of the government wide statement of net assets.	542,385
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Due within one year	\$ (94,000)
Due in more than one year	(925,095)
	(1,019,095)
Net assets of governmental activities	\$ 8,923,588

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	General Fund	Major Fund Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Ad valorem	\$ 578,850	\$ -	-	\$ 578,850
Sales tax	-	5,743,277	-	5,743,277
Insurance premium tax	35,722	-	-	35,722
Chain store tax	6,640	-	-	6,640
Franchise tax	600,932	-	-	600,932
Alcohol tax	8,254	-	-	8,254
Intergovernmental:				
Federal grants	77,892	-	-	77,892
State grants	230,500	65,650	-	296,150
Local grants	132,588	-	-	132,588
Occupational licenses and permits	566,747	-	-	566,747
Fees and charges for services	17,821	14,580	-	32,401
Cemetery sales	16,040	-	-	16,040
Investment income	9,134	33,634	8,768	51,536
Rental income	25,900	-	-	25,900
Worker's compensation dividend	19,740	19,740	-	39,480
Insurance claims	5,112	-	-	5,112
Other revenues	3,792	351	-	4,143
Total revenues	\$ 2,335,664	\$ 5,877,232	\$ 8,768	\$ 8,221,664

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	General Fund	Major Fund Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Expenditures				
Current operating:				
General government	\$ 677,888	\$ 469,810	\$ 2,422	\$ 1,150,120
Public safety	3,725,399	-	-	3,725,399
Public works	-	1,990,158	-	1,990,158
Culture & recreation	111,656	-	-	111,656
Debt service:				
Principal	30,000	-	62,000	92,000
Interest	12,400	-	6,794	19,194
Capital outlay	452,966	100,852	65,915	619,733
Total expenditures	<u>\$ 5,010,309</u>	<u>\$ 2,560,820</u>	<u>\$ 137,131</u>	<u>\$ 7,708,260</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (2,674,645)</u>	<u>\$ 3,316,412</u>	<u>\$ (128,363)</u>	<u>\$ 513,404</u>
Other financing sources (uses)				
Transfer in	\$ 2,921,312	\$ 10,000	\$ 566,500	\$ 3,497,812
Transfer out	(65,105)	(3,709,545)	-	(3,774,650)
Gain on sale of assets	42,000	-	-	42,000
Total other financing sources (uses)	<u>\$ 2,898,207</u>	<u>\$ (3,699,545)</u>	<u>\$ 566,500</u>	<u>\$ (234,838)</u>
Net change in fund balance	\$ 223,562	\$ (383,133)	\$ 438,137	\$ 278,566
Fund balances at beginning of year	<u>863,594</u>	<u>2,051,496</u>	<u>606,495</u>	<u>3,521,585</u>
Fund balances at end of year	<u>\$ 1,087,156</u>	<u>\$ 1,668,363</u>	<u>\$ 1,044,632</u>	<u>\$ 3,800,151</u> (Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities

For the Year Ended September 30, 2008

Net change in fund balances - total governmental funds	\$ 278,566
Amounts reported for governmental activities in the statement of activities are different because:	
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(7,297)
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(42,000)
The net effect of various transactions involving capital assets (contributions, trades, etc.) is to increase net assets.	6,084
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	
General fund	\$ 452,966
Special revenue fund	100,852
Other governmental funds	<u>65,915</u>
	619,733
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(460,083)
Accrued interest on long term debt is not shown in the governmental funds.	695
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond repayments.	92,000
Internal service funds are used by management to charge the costs of certain activities to individual funds.	
The net income of the internal service funds is reported with governmental activities	<u>66,038</u>
Change in net assets of governmental activities	<u><u>\$ 553,736</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Assets
Proprietary Fund
September 30, 2008

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service Funds
Assets		
Current Assets		
Cash and cash equivalents	\$ 286,365	\$ 167,307
Receivables:		
Accounts	205,053	-
Special assessments	3,620	-
Prepaid insurance	25,704	-
Total current assets	<u>\$ 520,742</u>	<u>\$ 167,307</u>
Noncurrent Assets		
Restricted cash and cash equivalents	\$ 2,384,396	\$ -
Capital assets not being depreciated	506,668	-
Capital assets being depreciated - net	16,741,472	-
Total noncurrent assets	<u>\$ 19,632,536</u>	<u>\$ -</u>
Total assets	<u><u>\$ 20,153,278</u></u>	<u><u>\$ 167,307</u></u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 127,515	\$ 735
Payroll taxes payable	25,439	-
Salaries payable	28,828	-
Accrued interest payable	1,512	-
Current portion of certificates payable	18,236	-
Total current liabilities	<u>\$ 201,530</u>	<u>\$ 735</u>
Liabilities payable from restricted assets		
Contracts payable	\$ 28,100	\$ -
Customer deposits	139,834	-
Total liabilities payable from restricted assets	<u>\$ 167,934</u>	<u>\$ -</u>
Deferred revenues	<u>\$ 3,620</u>	<u>\$ -</u>
Noncurrent Liabilities		
Certificates payable	\$ 18,236	\$ -
Compensated absences	190,487	-
Total noncurrent liabilities	<u>\$ 208,723</u>	<u>\$ -</u>
Total liabilities	<u><u>\$ 581,807</u></u>	<u><u>\$ 735</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Assets
 Proprietary Fund
 September 30, 2008

	Business-Type Activities Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service Funds
Net Assets		
Invested in capital assets	\$ 17,248,140	\$ -
Restricted for:		
Contracts payable	28,100	-
Depreciation and contingencies	2,048,528	-
Customer deposits	139,834	-
Debt service	36,472	-
Unrestricted	70,397	166,572
Total net assets	<u>\$ 19,571,471</u>	<u>\$ 166,572</u>
Total liabilities and net assets	<u>\$ 20,153,278</u>	<u>\$ 167,307</u>
		(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Proprietary Funds Statement of Net Assets
to the Statement of Net Assets
For the Year Ended September 30, 2008

Amounts reported for business-type activities in the
statement of net assets are different because:

Total net assets for proprietary fund statement of net assets	\$ 19,571,471
Capital assets reported in the proprietary fund but financed with general obligation debt have been transferred to governmental activities in the government wide statement of net assets in order to show those assets net of related debt in the net asset section of the government wide statement of net assets	<u>(542,385)</u>
Net assets of business type activities	<u><u>\$ 19,029,086</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Fund
 For the Year Ended September 30, 2008

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service Funds
Operating revenues		
Charges for services	\$ 2,150,803	\$ -
Rebates and reimbursements	-	7,176
Miscellaneous	2,066	-
Total operating revenues	<u>\$ 2,152,869</u>	<u>\$ 7,176</u>
Operating expenses		
Personal services	\$ 1,142,361	\$ -
Supplies	255,282	-
Contractual services	682,979	-
Depreciation	846,626	-
Claims	-	44,220
Capital outlay	-	20,987
Total operating expenses	<u>\$ 2,927,248</u>	<u>\$ 65,207</u>
Income (loss) from operations	<u>\$ (774,379)</u>	<u>\$ (58,031)</u>
Nonoperating revenues (expenses)		
Sewer assessments	\$ 5,335	\$ -
Interest income	78,076	1,314
Interest expense	(2,121)	-
Total nonoperating revenues (expenses)	<u>\$ 81,290</u>	<u>\$ 1,314</u>
Income (loss) before transfers	<u>\$ (693,089)</u>	<u>\$ (56,717)</u>
Transfers in	210,079	122,755
Transfers out	<u>(55,996)</u>	<u>-</u>
Change in net assets	<u>\$ (539,006)</u>	<u>\$ 66,038</u>
Net assets at beginning of year	<u>20,110,477</u>	<u>100,534</u>
Net assets at end of year	<u><u>\$ 19,571,471</u></u>	<u><u>\$ 166,572</u></u>

The accompanying notes are an integral part of this statement.

City of DeRidder, Louisiana

Statement J

Reconciliation of the Statement of Revenues,
Expenses, and Changes in Net Assets
of Proprietary Funds to the Statement of Activities

For the Year Ended September 30, 2008

Net change in net assets - total proprietary funds	\$ (539,006)
<i>Depreciation on capital assets reported in the proprietary fund but financed with general obligation debt has been transferred to governmental activities in the government wide statement of activities.</i>	<u>14,962</u>
Change in net assets of proprietary activities	<u><u>\$ (524,044)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2008

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water and Sewer	
Cash flows from operating activities:		
Cash received from customers	\$ 2,157,379	\$ 7,177
Cash payments to suppliers for goods and services	(868,837)	(43,660)
Cash payments for employee services and employee related fringe benefits	(1,139,369)	-
Cash payment for capital outlay	-	(20,986)
Net cash provided (used) by operating activities	<u>\$ 149,173</u>	<u>\$ (57,469)</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	\$ 210,079	\$ 2,755
Amounts due from other funds received	69,855	-
Amounts due to other funds paid	(2,325)	-
Transfers out to other funds	(55,996)	-
Net cash provided for noncapital financing activities	<u>\$ 221,613</u>	<u>\$ 2,755</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (535,207)	\$ -
Sewer assessments	5,335	-
Interest paid on debt	(2,873)	-
Principal paid on certificates	(18,237)	-
Net cash used for capital and related financing activities	<u>\$ (550,982)</u>	<u>\$ -</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2008

	Business-Type Activities Enterprise Fund <u>Water and Sewer</u>	Governmental Activities Internal Service Fund
Cash flows from investing activities:		
Interest on cash management activities:	\$ 78,811	\$ 1,314
Net increase (decrease) in cash and cash equivalents	\$ (101,385)	\$ (53,400)
Cash and cash equivalents, beginning of year	<u>2,772,146</u>	<u>220,707</u>
Cash and cash equivalents, end of year	<u>\$ 2,670,761</u>	<u>\$ 167,307</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ (774,379)</u>	<u>\$ (58,030)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	\$ 846,626	\$ -
Decrease in accounts receivable	7,002	-
Increase in accounts payable	68,879	561
Increase in salaries payable	28,828	-
Increase in employee benefits payable	1,174	-
Increase in contracts payable	1,200	-
Decrease in customer deposits	(2,492)	-
Decrease in compensated absences	(27,010)	-
Increase in prepaid insurance	(655)	-
Total adjustments	<u>\$ 923,552</u>	<u>\$ 561</u>
Net cash provided (used) by operating activities:	<u>\$ 149,173</u>	<u>\$ (57,469)</u>
		(Concluded)

The accompanying notes are an integral part of this statement.

City of DeRidder, Louisiana
Notes to the Financial Statements
As of and for the Year Ended September 30, 2008

INTRODUCTION

The City of DeRidder was incorporated under the provisions of the Lawrason Act. The City operates under a Mayor-City Council form of government under a home rule charter.

The accounting and reporting policies of the City of DeRidder conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The City is located within Beauregard Parish in the southwestern part of the State of Louisiana and is comprised of approximately 9,700 residents. The governing board is composed of seven elected council members that are compensated for regular and special board meetings. There are approximately ninety-six employees who provide various services to the residents. The City maintains approximately 74 miles of roadways within the city limits.

The City maintains various funds that provide services and benefits to the residents. The general fund provides police and fire protection, and culture and recreational activities. The sales tax fund provides public works of highway and street maintenance and solid waste collection and disposal. The utility fund provides water and sewer services to approximately 4,100 residents. Other funds are established as needed for specific projects undertaken by the City.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The municipality has oversight of other component units that are blended into the municipalities basic financial statements.

Blended Components Units

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipalities are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantially the same, or the organization must provide services entirely to the municipality and blended with the appropriate municipality funds:

The City of DeRidder had no blended component units as of September 30, 2008.

Discretely Presented Component Units

Component units that are legally separate from the municipality, but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented.

The City of DeRidder had no discretely presented component units as of September 30, 2008.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund

The Sales Tax Fund accounts for sales tax revenues that are legally restricted to expenditures for specific purposes.

Notes to the Financial Statements (Continued)

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the government reports the following fund types:

Internal service funds account for services provided to other departments and agencies of the municipality, or to other governments, on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the City's enterprise fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Deposits and Investments

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the municipality, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff's sale is held and the property is sold to satisfy the taxes due on the property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			Renewed
General corporate tax	7.42	7.42	Annually
Police/Fire capital improvements	2.60	2.60	9-30-2008

The following are the principal taxpayers and related property tax revenue for the municipality:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Meadwestvaco	Manufacturer	\$ 7,538,770	12.57%	\$ 76,895
Ampacet	Manufacturer	3,003,389	5.01%	30,635
Total		<u>\$ 10,542,159</u>	<u>17.58%</u>	<u>\$ 107,530</u>

Sales Taxes

The City of DeRidder receives a 1% sales and use tax that is dedicated to constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and improving drains and subsurface drainage; and for the purpose of defraying the maintenance expenses thereof; constructing, acquiring and improving public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds. This tax is for an indefinite period.

An additional 1% sales tax, for a twenty year period ending December 31, 2011, is dedicated and used for the following purposes:

41% for constructing, improving, repairing, operating and maintaining public buildings, public streets and sidewalks; drains and drainage facilities; garbage and solid waste collection and disposal facilities; paying the cost of other public services, including grass cutting; and paying the cost of improving or extending city utilities to encourage and induce the location of or additions to industrial enterprises having economic impact upon the city;

55% to pay the cost of providing public safety and fire and police protection services and improving, repairing, operating and maintaining sewers and sewerage collection and disposal works, including the acquisition of furnishings and equipment for any of said purposes;

4% to pay the cost of constructing, improving, repairing, operating and maintaining public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds.

Notes to the Financial Statements (Continued)

The City of DeRidder also collects a ¼% sales and use tax with the proceeds to be dedicated and used solely for the purpose of supplementing the salaries and benefits of policemen and firemen and improving police and fire protection facilities, including the acquisition of equipment and vehicles for such purpose. This tax has no term limit.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain resources in the enterprise fund have been set aside for the repair, maintenance and replacement of the water and sewer systems of the City. These resources are classified as restricted assets because their use is limited.

A payment of \$100 per month is deposited into a State of Louisiana reimbursement account. The account was established to reimburse the state their cost associated with the widening of Highway 171 in prior years. This account is restricted and may be called by the state at their discretion.

Cash collected from utility fund customers as deposits against future utility bills are classified as restricted assets and are held by the City in custodial cash accounts entitled "Customer Deposits".

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the City of DeRidder was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction in connection with the City's construction projects.

All capital assets, other than land and work in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	20-50 years
Buildings and building improvements	20-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

Notes to the Financial Statements (Continued)

H. Compensated Absences

The City of DeRidder's recognition and measurement criterion for compensated absences follows:

On July 1, 1996, the City enacted new legislation concerning sick leave pay and unpaid vacation. Full time employees earn vacation leave at varying rates depending upon length of service, which also may be accumulated up to a maximum of 160 days. Upon death, retirement, or separation of service from the City, an employee may receive their entire accumulated sick leave pay if he chooses to draw it out over regular pay periods. If the employee chooses to receive the pay in a lump sum he will receive 50% of the accumulated pay. In addition, upon retirement, unused sick leave is used in the retirement benefit computation as earned service.

On March 28, 1994, the sick leave policy was amended to reflect that each employee of the City would receive 4 hours of sick leave per pay period (13 days per year). As an exception, firemen working 53 hours per week will receive 10 hours of sick leave per month. Upon termination (voluntary or involuntary) an employee will receive full pay for accumulated sick leave not to exceed a 60-day limit (480 hours) with payment made by an installment plan based on the hourly rate at retirement.

No sick leave credit hours accumulated under the old sick leave policy will be lost. Upon retirement or termination, remuneration will be made to those employees who have accrued sick leave under the old policy. This payment will be made in installments and capped at the hourly rate as of December 31, 1993.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are *deferred and amortized over the life of the bonds using the effective interest method*. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Notes to the Financial Statements (Continued)

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The municipality uses the following budget practices:

1. The Director of Finance submits to the Mayor and City Council a proposed operating budget no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. For the fiscal year beginning October 1, 2007 and ending September 30, 2008 the budget was submitted to the City Council on September 10, 2007 and the public hearing was called for. After the public hearing was held, the budget was adopted by ordinance of the City Council.
2. Budgetary appropriations lapse at the end of each fiscal year.
3. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
4. Amendments to the budget are approved by the City Council by a formal adoption of an ordinance. The original budget is amended as necessary and all amendments are reflected in the budget comparisons in the financial statements.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual funds had actual expenditures over budgeted appropriations for the year ended September 30, 2008.

	Original	Final		Unfavorable
Fund	Budget	Budget	Actual	Variance
General Fund	\$ 4,564,200	\$ 4,928,700	\$ 5,010,309	\$ 81,609
Sales Tax Fund	2,547,500	2,529,400	2,560,820	31,420

3. CASH AND CASH EQUIVALENTS

At September 30, 2008, the municipality has cash and cash equivalents (book balances) totaling \$6,792,982 as follows:

Demand deposits	\$ 106,960
Interest bearing demand deposits	47,316
Time deposits	150,600
Money market investment accounts	4,752,779
Louisiana Asset Management Pool (LAMP)	1,734,977
Petty cash	350
Total	<u>\$ 6,792,982</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At September 30, 2008, the municipality has \$5,142,841 in deposits (collected bank balances). These deposits are secured from risk by \$624,558 of federal deposit insurance and \$4,518,283 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

The City also had invested \$1,734,977 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP as of September 30, 2008 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than three months, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. RECEIVABLES

The receivables of \$369,006 at September 30, 2008, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:			
Franchise	\$ 146,021	\$ -	\$ 146,021
Alcohol	8,254	-	8,254
Federal grants	1,600	-	1,600
Local grants	3,258	-	3,258
Accounts	1,200	205,053	206,253
Assessments	-	3,620	3,620
Total	<u>\$ 160,333</u>	<u>\$ 208,673</u>	<u>\$ 369,006</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2008, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 556,413	\$ 202,500	\$ 19,975	\$ 738,938
Work in progress	293,421	97,583	-	391,004
Total capital assets not being depreciated	849,834	300,083	19,975	1,129,942
Capital assets being depreciated				
Buildings	2,289,454	120,427	-	2,409,881
Improvements other than buildings	1,902,022	130,038	-	2,032,060
Furniture and fixtures	1,092	-	-	1,092
Machinery and equipment	1,596,301	57,273	30,637	1,622,937
Guns	695	1,130	-	1,825
Vehicles	1,693,377	32,223	17,359	1,708,241
Utility fund asset	598,493	-	-	598,493
Total capital assets being depreciated	8,081,434	341,091	47,996	8,374,529
Less accumulated depreciation for:				
Buildings	765,002	57,787	-	822,789
Improvements other than buildings	279,774	73,726	-	353,500
Furniture and fixtures	781	218	-	999
Machinery and equipment	927,044	162,537	14,871	1,074,710
Guns	183	146	-	329
Vehicles	1,062,408	165,669	10,705	1,217,372
Utility fund asset	41,146	14,962	-	56,108
Total accumulated depreciation	3,076,338	475,045	25,576	3,525,807
Total capital assets being depreciated, net	\$ 5,005,096	\$ (133,954)	\$ (22,420)	\$ 4,848,722

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 57,221	\$ -	\$ -	\$ 57,221
Construction in progress	101,045	449,447	101,045	449,447
Total capital assets not being depreciated	158,266	449,447	101,045	506,668
Capital assets being depreciated				
Utility plant and improvements	31,769,271	189,779	18,686	31,940,364
Furniture and equipment	60,174	-	1,605	58,569
Vehicles	205,641	12,366	-	218,007
Total capital assets being depreciated	32,035,086	202,145	20,291	32,216,940
Less accumulated depreciation for:				
Utility plant and improvements	14,984,076	808,961	3,426	15,789,611
Furniture and equipment	39,451	6,851	1,525	44,777
Vehicles	167,613	15,852	-	183,465
Total accumulated depreciation	15,191,140	831,664	4,951	16,017,853
Total business-type assets being depreciated, net	\$ 16,843,946	\$ (629,519)	\$ (15,340)	\$ 16,199,087

Depreciation expense of \$460,083 for the year ended September 30, 2008, was charged to the following governmental functions:

Public works	\$ 102,635
Public safety	215,168
General administration	45,576
Recreation	58,916
Unallocated	37,788
Total	\$ 460,083

6. CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of September 30, 2008. The City had the following construction projects. The Northside Fire Station Project provides for renovations and upgrades to the station. The Ampacet Water Plant Project provides for valve replacements and improvements to the water plant. The Bilbo Street Water Well Project provides for re-painting and cleaning the well. The Blankenship Drive Water Line Project provides for laying new and larger water lines in the area. The 7th Street Maintenance Building Project provides for new buildings and upgrades to existing ones at the maintenance yard. The MLK Road Extension Project extends the existing roadway. The Museum Restroom Project provides for new outdoor access restrooms at the museum. At year-end the commitments with contractors were as follows:

Projects	Spent to Date	Remaining
Northside Fire Station Project	293,421	10,000
Ampacet Water Plant Project	46,091	5,026
Bilbo Street Water Well Project	162,353	18,610
Blankenship Drive Water Line Project	209,791	90,209
7th Street Maintenance Building Project	62,423	57,577
MLK Road Extension Project	61,131	6,869
Museum Restroom Project	5,239	54,761

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

7. INTERFUND TRANSFERS

	Transfer in	Transfer out
Capital project fund	\$ 500,000	\$ -
General fund	2,921,312	65,105
Proprietary fund	210,079	55,996
Special revenue fund	10,000	3,709,545
Debt service fund	66,500	-
Internal service funds	122,755	-
Total	<u>\$ 3,830,646</u>	<u>\$ 3,830,646</u>

8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$740,360 at September 30, 2008, are as follows:

	General Fund	Proprietary Fund	Special Revenue Fund	Internal Service Funds	Total
Salaries	\$ 79,303	\$ 28,828	\$ 25,238	\$ -	\$ 133,369
Withholdings	88,291	25,439	23,122	735	137,587
Accounts	45,101	127,515	127,342	-	299,958
Contracts	-	28,100	-	-	28,100
Accrued interest	-	1,512	-	-	1,512
Customer deposits	-	139,834	-	-	139,834
Total	<u>\$ 212,695</u>	<u>\$ 351,228</u>	<u>\$ 175,702</u>	<u>\$ 735</u>	<u>\$ 740,360</u>

9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 2008.

	Proprietary Fund		
	Compensated Absences	Certificates of Indebtedness	Total
Long-term obligations at beginning of year	\$ 217,497	\$ 54,708	\$ 272,205
Additions	60,343	-	60,343
Principal payments	-	(18,236)	(18,236)
Compensated absences used	(87,353)	-	(87,353)
Long-term obligations at end of year	<u>\$ 190,487</u>	<u>\$ 36,472</u>	<u>\$ 226,959</u>

	Governmental Funds			
	Compensated Absences	Certificates of Indebtedness	Bonded Debt	Total
Long-term obligations at beginning of year	\$ 567,798	\$ 201,000	\$ 335,000	\$ 1,103,798
Additions	22,658	-	-	22,658
Principal payments	-	(47,000)	(45,000)	(92,000)
Compensated absences used	(15,361)	-	-	(15,361)
Long-term obligations at end of year	<u>\$ 575,095</u>	<u>\$ 154,000</u>	<u>\$ 290,000</u>	<u>\$ 1,019,095</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of September 30, 2008:

	Proprietary Fund		
	Compensated Absences	Certificates of Indebtedness	Total
Current portion	\$ -	\$ 18,236	\$ 18,236
Long-term portion	190,487	18,236	208,723
Total	\$ 190,487	\$ 36,472	\$ 226,959

	Governmental Funds			
	Certificates of Indebtedness	Bonded Debt	Compensated Absences	Total
Current portion	\$ 49,000	\$ 45,000	\$ -	\$ 94,000
Long-term portion	105,000	245,000	575,095	925,095
Total	\$ 154,000	\$ 290,000	\$ 575,095	\$ 1,019,095

Certificates of Indebtedness are comprised of the following individual issues at September 30, 2008:

Certificates of Indebtedness – Governmental Funds:

\$245,000 Series 2006 Certificates of Indebtedness due in annual installments of \$44,000 to \$54,000 through August, 2011; interest at the rate of 3.95% \$154,000

Certificates of Indebtedness – Proprietary Funds:

\$182,362 Series 1999 Sewerage Certificates of Indebtedness due in annual installments of \$18,236 through December 2009; interest at the rate of 5.25% \$36,472

Bonded debt is comprised of the following issue at September 30, 2008:

Bonded Debt – Governmental Funds:

\$500,000 Series 2005 Water Improvement Bonds due in annual installments of \$45,000 to \$55,000 through August 2014; interest at the rate of 3.875% \$290,000

At September 30, 2008, the City of DeRidder accumulated \$19,224 in the debt service fund for future debt requirements. The annual requirements to amortize all bonds and certificates of indebtedness outstanding at September 30, 2008, for the City of DeRidder is as follows:

Year Ending September 30,	Principal Payments	Interest Payments	Total
2009	\$ 112,236	\$ 18,366	\$ 130,602
2010	114,236	14,006	128,242
2011	99,000	9,567	108,567
2012	50,000	6,006	56,006
2013	50,000	4,069	54,069
2014	55,000	2,131	57,131
Total	\$ 480,472	\$ 54,145	\$ 534,617

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At September 30, 2008, the statutory limit is \$20,999,869, and outstanding bonded debt totals \$290,000.

Notes to the Financial Statements (Continued)

10. RESERVED RETAINED EARNINGS/FUND BALANCE

The Proprietary Fund – The proprietary fund had reserved retained earnings available as follows:

	Utility Fund
Restricted assets:	
Replacement, extension and contingency accounts	\$ 2,155,669
State contract funds	32,738
Customers' deposits	195,989
Debt service	36,472
Total	<u>\$ 2,420,868</u>
Less:	
Liabilities payable from restricted assets:	
Customers deposits	\$ 28,100
Contracts payable	139,834
Total	<u>\$ 167,934</u>
Reserved retained earnings	<u>\$ 2,252,934</u>

The Debt Service Fund – The debt service fund had reserved fund balance available as follows:

Reserved for debt service	<u>\$ 19,224</u>
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The General Fund – The general fund had reserved fund balance available as follows:

Reserved for perpetual care	<u>\$ 956,857</u>
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11. RETIREMENT SYSTEMS

Substantially all employees of the City of DeRidder, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana and the Fire Fighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Notes to the Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System under Plan B for the years ending September 30, 2008, 2007 and 2006, were \$94,216, \$127,166, and \$125,449, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 9.5% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2008, 2007 and 2006, were \$133,370, \$148,937, and \$ 151,868, respectively, equal to the required contributions for each year.

C. Firefighters' Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 % of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

City of DeRidder, Louisiana

Notes to the Financial Statements (Concluded)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095, Baton Rouge, LA, 70804; or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.00% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 12.5% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2008, 2007, and 2006, were \$82,857, \$89,561, and \$102,641, respectively, equal to the required contributions for each year.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over(under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Ad valorem	\$ 571,000	\$ 578,800	\$ 578,850	\$ 50	\$ 578,850
Insurance premium tax	30,000	35,700	35,722	22	35,722
Chain store tax	10,000	6,600	6,640	40	6,640
Franchise tax	573,000	605,800	600,932	(4,868)	600,932
Alcohol tax	-	16,500	8,254	(8,246)	8,254
Intergovernmental:					
Federal grants	20,000	59,771	77,892	18,121	77,892
State grants	240,000	246,229	230,500	(15,729)	230,500
Local grants	68,700	131,400	132,588	1,188	132,588
Occupational licenses and permits	546,000	566,700	566,747	47	566,747
Cemetery sales	17,000	16,000	16,040	40	16,040
Fees and charges for services	22,000	18,700	17,821	(879)	17,821
Investment income	11,000	9,100	9,134	34	9,134
Rental income	28,200	25,900	25,900	-	25,900
Worker's compensation dividend	-	19,800	19,740	(60)	19,740
Insurance claims	-	5,100	5,112	12	5,112
Other revenue	22,000	3,800	3,792	(8)	3,792
Total revenues	\$ 2,158,900	\$ 2,345,900	\$ 2,335,664	\$ (10,236)	\$ 2,335,664

(Continued)

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over(under)	Actual Amount GAAP Basis
	Original	Final			
Expenditures					
Current operating:					
General government	\$ 717,100	\$ 670,000	\$ 677,888	\$ (7,888)	\$ 677,888
Public safety	3,335,700	3,654,400	3,725,399	(70,999)	3,725,399
Culture & recreation	119,700	111,500	111,656	(156)	111,656
Debt service:					
Principal	30,000	30,000	30,000	-	30,000
Interest	12,400	12,400	12,400	-	12,400
Capital outlay	349,300	450,400	452,966	(2,566)	452,966
Total expenditures	\$ 4,564,200	\$ 4,928,700	\$ 5,010,309	\$ (81,609)	\$ 5,010,309
Excess (deficiency) of revenues over expenditures	\$ (2,405,300)	\$ (2,582,800)	\$ (2,674,645)	\$ (91,845)	\$ (2,674,645)
Other financing sources (uses):					
Transfers in	\$ 2,498,200	\$ 2,963,300	\$ 2,921,312	\$ (41,988)	\$ 2,921,312
Transfers out	(54,000)	(65,100)	(65,105)	(5)	(65,105)
Gain on sale of assets	-	-	42,000	42,000	42,000
Total other financing sources (uses)	\$ 2,444,200	\$ 2,898,200	\$ 2,898,207	\$ 7	\$ 2,898,207
Net change in fund balance	\$ 38,900	\$ 315,400	\$ 223,562	\$ (91,838)	\$ 223,562
Fund balances at beginning of year	916,930	863,594	863,594	-	863,594
Fund balances at end of year	\$ 955,830	\$ 1,178,994	\$ 1,087,156	\$ (91,838)	\$ 1,087,156

(Concluded)

Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over(under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Sales	\$ 5,800,000	\$ 5,743,300	\$ 5,743,277	\$ (23)	\$ 5,743,277
State grant	-	65,700	65,650	(50)	65,650
Investment income	40,000	33,600	33,634	34	33,634
Worker's compensation dividend	12,000	19,800	19,740	(60)	19,740
Fees and charges for services	12,400	14,500	14,580	80	14,580
Other revenues	-	400	351	(49)	351
Total revenues	\$ 5,864,400	\$ 5,877,300	\$ 5,877,232	\$ (68)	\$ 5,877,232
Expenditures					
General government	\$ 1,198,900	\$ 461,400	\$ 469,810	\$ (8,410)	\$ 469,810
Public works	1,236,600	1,967,100	1,990,158	(23,058)	1,990,158
Capital outlay	112,000	100,900	100,852	48	100,852
Total expenditures	\$ 2,547,500	\$ 2,529,400	\$ 2,560,820	\$ (31,420)	\$ 2,560,820
Excess (deficiency) of revenues over expenditures	\$ 3,316,900	\$ 3,347,900	\$ 3,316,412	\$ (31,488)	\$ 3,316,412
Other financing sources (uses):					
Transfers in	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Transfers out	(3,165,300)	(3,709,500)	(3,709,545)	(45)	(3,709,545)
Gain on sale of assets	3,000	-	-	-	-
Total other financing sources (uses)	\$ (3,152,300)	\$ (3,699,500)	\$ (3,699,545)	\$ (45)	\$ (3,699,545)
Net change in fund balance	\$ 164,600	\$ (351,600)	\$ (383,133)	\$ (31,533)	\$ (383,133)
Fund balances at beginning of year	2,104,178	2,051,496	2,051,496	-	2,051,496
Fund balances at end of year	\$ 2,268,778	\$ 1,699,896	\$ 1,668,363	\$ (31,533)	\$ 1,668,363

OTHER SUPPLEMENTAL SCHEDULES

City of DeRidder, Louisiana

Nonmajor Funds

CAPITAL PROJECTS FUND

Historical Enhancement Fund – to account for funds used in the development and maintenance of the historic district in downtown DeRidder.

Street Construction J – to account for the construction and further improvements of streets located within the city limits for general purpose use.

DEBT SERVICE FUND

Certificates of Indebtedness, Series 2005 and 2006 - to accumulate monies for payment of the 2005, \$500,000, and the 2006, \$245,000, certificates of indebtedness respectively at an interest rate of 3.875% and 3.95% respectively.

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Capital Projects		Debt Service	Total Nonmajor Governmental Funds
	Historical Enhancement Fund	Street Construction J	Debt Service	
Assets				
Cash in Bank	\$ 3,102	\$ 1,022,306	\$ 19,224	\$ 1,044,632
Fund Balances				
Reserve for debt service	\$ -	\$ -	\$ 19,224	\$ 19,224
Unreserved/Undesignated	3,102	1,022,306	-	1,025,408
Total Fund Balances	\$ 3,102	\$ 1,022,306	\$ 19,224	\$ 1,044,632

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Capital Projects		Debt Service	Total Nonmajor Governmental Funds
	Historical Enhancement Fund	Street Construction J	Debt Service	
Revenues				
Interest	\$ -	\$ 8,445	\$ 323	\$ 8,768
Expenditures				
Administrative	\$ 139	\$ 1,933	\$ 350	\$ 2,422
Construction contracts	-	59,197	-	59,197
Engineering & other	5,100	1,618	-	6,718
Principal	-	-	62,000	62,000
Interest	-	-	6,794	6,794
Total Expenditures	\$ 5,239	\$ 62,748	\$ 69,144	\$ 137,131
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,239)	\$ (54,303)	\$ (68,821)	\$ (128,363)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 500,000	\$ 66,500	\$ 566,500
Net Change in Fund Balances	\$ (5,239)	\$ 445,697	\$ (2,321)	\$ 438,137
Fund Balances at beginning of year	8,341	576,609	21,545	606,495
Fund Balances at end of year	\$ 3,102	\$ 1,022,306	\$ 19,224	\$ 1,044,632

Schedule of Compensation of Board Members
For the Fiscal Year Ended September 30, 2008

Vincent Labue (President)	\$	7,200
Hayward Steele		7,200
Johnnie Mango		7,200
Kerry Anderson		7,200
Gordon Jenkins		7,200
Robert Rice		7,200
Joseph Siciliano		7,200
		<hr/>
	\$	50,400
		<hr/>

Schedule of Prior Year Audit Findings
For the Year Ended September 30, 2008

Finding – Financial Statement Audit

There were no prior year audit findings as of September 30, 2007.

John A. Windham, CPA

A Professional Corporation

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DeRidder, LA 70634
Tel: (337) 462-3211
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John A. Windham, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Ronald Roberts, Mayor
and the Members of the City Council
DeRidder, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2008, which collectively comprise the City of DeRidder, Louisiana's basic financial statements and have issued my report thereon dated February 18, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of DeRidder, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of DeRidder, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of DeRidder, Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of DeRidder, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of DeRidder, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the City of DeRidder, Louisiana's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of DeRidder, Louisiana's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness, as defined above.

The Honorable Ronald Roberts, Mayor
and Members of the City Council

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DeRidder, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the City Council, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Handwritten signature of J. M. D. Windham, CPA in black ink.

DeRidder, Louisiana
February 18, 2009